

2006
State of City
Lowell Arkansas

Mayor Phil Biggers

One hundred years ago, ancestors of Lowell set the wheels of city government in motion. Crossing the centennial marker as an incorporated town, Lowell paused on August 4th, 2005 to reflect back on history as we celebrated that milestone; embracing the past as we reach for the future.

Originally known as Bloomington and nicknamed “Mudtown”, the town was located on the principal north-south road of the region, now known as Old Wire Road. A busy route used for daily travel as well as freight wagons and the Butterfield Stagecoach during its tenure was also the route used by Civil War troops of both sides and is the Trail of Tears route through this area. Thus, transportation was the sustaining life of the town. Amenities equal to those of larger communities included Nail Tavern, Bloomington Hotel, a Church, a Schoolhouse, a Dram Shop and a General Store, which was also the Post Office, Blacksmith Shop and camping area for horse traders. The only real facility missing was a bank.

About a year before the completion of the railroad in 1881, a cyclone destroyed much of Bloomington in 1880. Influenced by the changing infrastructure, the town moved west as the community rebuilt near the railroad in order to capitalize on the economics of the new transportation mode. On rebuilding the community changed the town name and thus Lowell was founded in 1881.

In 1930, Highway 71 became the route of mass transportation and this moved the economic artery of Lowell as well as the Northwest Arkansas region even further west. By the mid 1980's the region saw the completion of Interstate 540 which once again moved the economic synergy for Northwest Arkansas to, guess what, the west. Our unprecedented growth today is a direct result of this transportation corridor.

(Although it's not in my notes I'm going to jump aside here and say), I believe that in the future we will see that jump again, once more to the west. And, I believe we are going face a mass rail transit system in the future also. I say that as I think about the city of New York and 7,000 people today in Lowell. At one time New York City probably had 7,000 people.

Do I say we will be a New York? Probably not, but nonetheless why speak of the past bygones? Does it not prepare us for the future? First, to illuminate arenas where we have lacked over the past century as well as give a greater understanding of our changes today, thereby enabling us to better plan the future. An example is water and sewer services and the dilemma our city has been in the past few years.

Little did our forefathers realize today we would be a town of 7000. They thought to themselves, “why should we build a water system; why should we build a sewer system?” and thereby today we struggle with that infrastructure question.

It is incredulous to me that a city of 7000 population or for that matter one of 5000 people would find themselves strangled if you will as we have been. It’s easy for me to look back and make that determination. To our predecessors credit, who would have guessed the area let alone Lowell would be where we are today. The more reason you and I must diligently think beyond the box. Fortunately we have made great progress for immediate solutions to which I will speak more to later.

Although we cherish our history perhaps unpolished at times, it is imperative that we plan beyond the foreseeable future. I reiterate once again that our central and strategic location in Northwest Arkansas brings many benefits to our community as well as challenges due to the unprecedented growth of the region. Benefiting with quality jobs, a wider variety of amenities as found in larger cities and an increase in tax revenues as new businesses locate here. The challenges are to our infrastructure whether it is water & sewer, streets & traffic, emergency services, recreational amenities or good planning as this growth stresses all aspects of city government.

Addressing yesterday’s shortcomings while managing today’s operations and simultaneously planning for tomorrow’s growth has required diligence and hard work from administration and staff. The transition is and will continue to be challenging as we make tremendous progress in organization, planning, staffing and then implementation of plans that will forever determine the heart, soul and identity of the Lowell community. As we reflect back it is amazing the changes and improvements made the past three years.

A good starting point is the Vision 20/20 plan completed by the Rogers-Lowell Chamber of Commerce in 2002. Made up of community residents and leaders, many hours and research was expended into the final plan. This past September the Chamber held a leadership conference with one of the primary agenda items as a review of the progress toward meeting the objectives of the plan.

Power Point Slides

Ad lib highlights

“I just realized I missed getting the slides in the presentation”

I’m lost without the slides but let me say, in every aspect that the Chamber looked at in year 2000 (actually 2002) as they did this grade card or check list (I’m looking for Mr. Burns), we have accomplished every one except for perhaps one item and we made progress toward that one.

It was incredible to look back and for not having that on my desk every day as the guide to what we are going to do and to think that in three short years that we have accomplished those great things. If you are familiar with that, please go back to that and look at it.

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It was quite surprising to see the items accomplished and to realize how the Vision 20/20 plan meshed with the objectives and accomplishments that the city has reached. With your forbearance I will highlight more of these successes later.

Without question, the most critical area of city government is the health and strength of the city's finances. I recognize there are differences in budgetary philosophies and probably as many opinions regarding our budget as there are minds in this room tonight. I submit to you however, one indisputable certainty, a city's budget is the statement of priority for tax revenue expenditures.

The philosophy of saving is good and right for specific projects. Operating reserves, which we have two months set aside, are essential. On the other hand, saving just to save is not the underlying principle of a city's taxing authority. Rather utilization of tax revenues to provide services to Lowell residents is the overriding basis for uses of tax revenues or we should seek ways to reduce the tax burden of the constituents. I submit that the health, welfare, and safety of Lowell residents are the chief gauge by which we the custodians are charged to measure our decisions, especially in regard to finances.

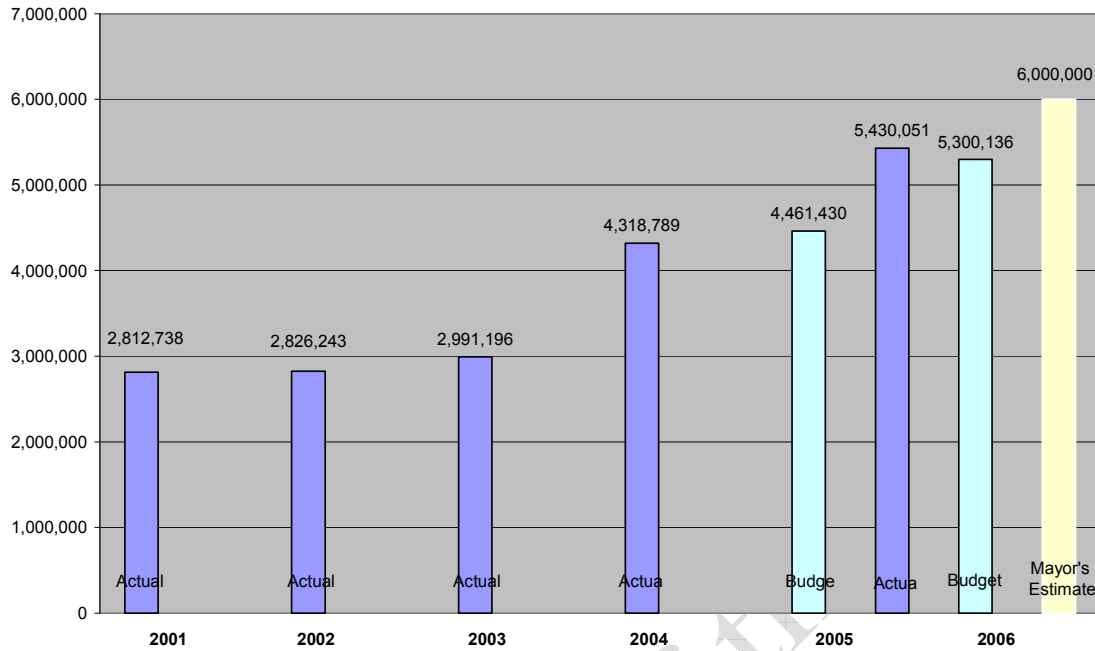
Our 2006 budget does just that but first let me speak to the various revenue indicators by comparing revenue numbers for the past few years and summarizing with our current budget.

Financial highlights

	<u>General Fund Revenues</u>		<u>Street Fund Revenues</u>	
	Actual #'s	Budget #'s	Actual #'s	Budget #'s
• 2001	2,812,738			
• 2002	2,826,243		822,778	
• 2003	2,991,196		1,054,103	
• 2004	4,318,789		1,147,203	
• 2005	5,430,051	4,461,430	1,611,861	1,420,500
• 2006	-----	5,300,136	-----	2,048,713

Chart A

General Fund Revenues



In 2004 & 2005 revenues have increased by 75% from 3 million to 5.4 million as indicated in chart A. To understand that this is not a fluke or temporary anomaly, a look at the *Top Six* indicators will convincingly prove our solid financial growth. Here is a table that shows revenues from these six sources alone increased nearly 60% from 2.25 million to 4.75 million

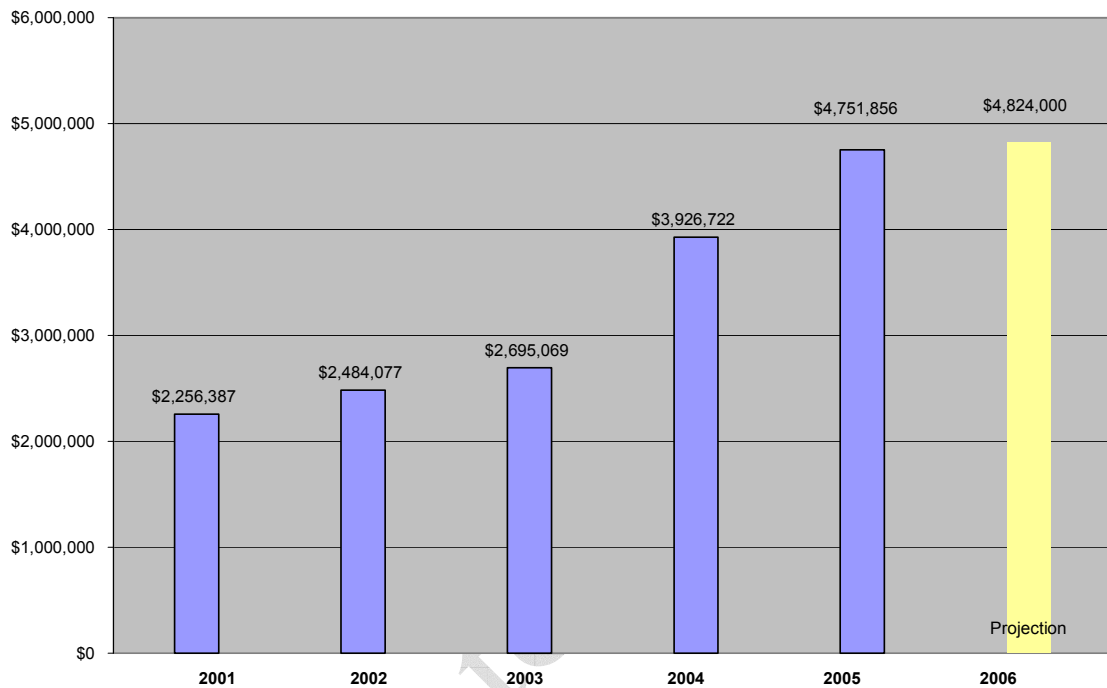
Top 6 Revenue Sources

	2001	2002	2003	2004	2005	2006
City Sales Tax	\$769,661	\$797,861	\$889,770	\$1,907,243	\$2,424,407	\$2,500,000
County Sales Tax	\$491,234	\$621,755	\$677,183	\$740,800	\$872,026	\$845,000
County Turnback	\$306,804	\$375,453	\$359,858	\$432,557	\$475,794	\$475,000
State Turnback	\$284,952	\$317,998	\$300,038	\$325,487	\$347,166	\$396,000
Franchise Fees	\$228,609	\$201,571	\$248,836	\$273,382	\$321,881	\$300,000
Court Fees	\$175,127	\$169,439	\$219,384	\$247,253	\$310,582	\$308,000
	\$2,256,387	\$2,484,077	\$2,695,069	\$3,926,722	\$4,751,856	\$4,824,000

Chart B illustrates the trend of the top 6 totals from 2001 to 2005 actual revenues and 2006 projections. A summary of the top 6 indicators and you will see going from 2001 of 2.25 million up to 2006 projection of 4.8 million and I would submit to you are ½ million dollars low on that projection.

Chart B

Top 6 Revenue Sources

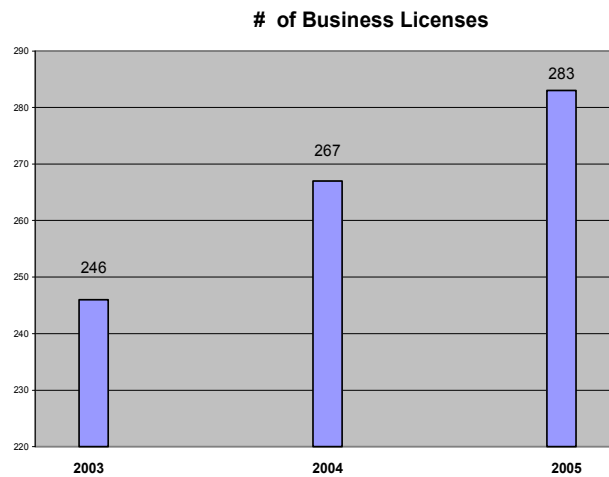


Business Licenses:

Business growth is a vital sign of a community's health. Chart C shows the business growth by permits issued increasing 15 % from 246 business licenses in 2003 to 283 in 2005, an increase of 37 more businesses in Lowell and growing.

• 2003	246	
• 2004	267	33,998
• 2005	283	41,702

Chart C



Another important indicator of the financial health is to look at the trend in building permits as shown by the following charts.

The chart is the number of building permits. You see in 2000 and 2001, then in 2002 was when our moratorium was put in place, July of 2002 and you see immediately what happened. Here you see in 2005 we are back up to 59 commercial permits, 34 residential permits and in 2006 I was afraid to project it triple if not quadruple those numbers.

Chart D

of Building Permits

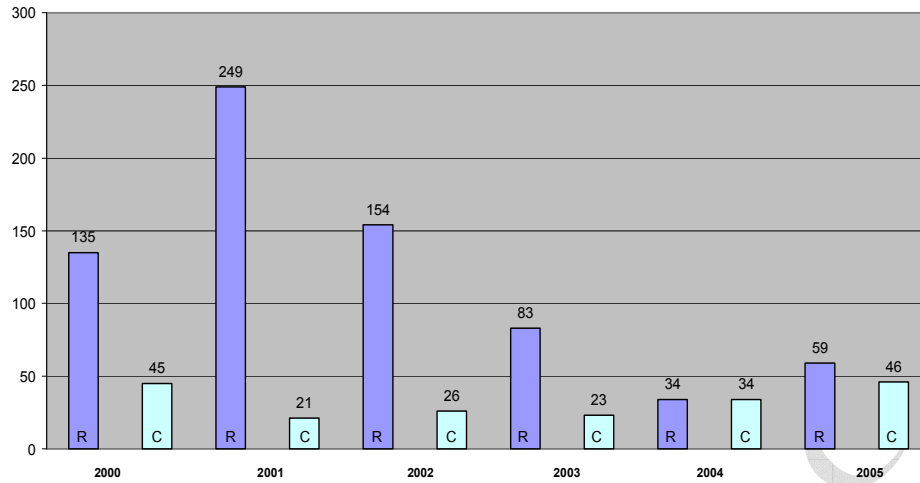
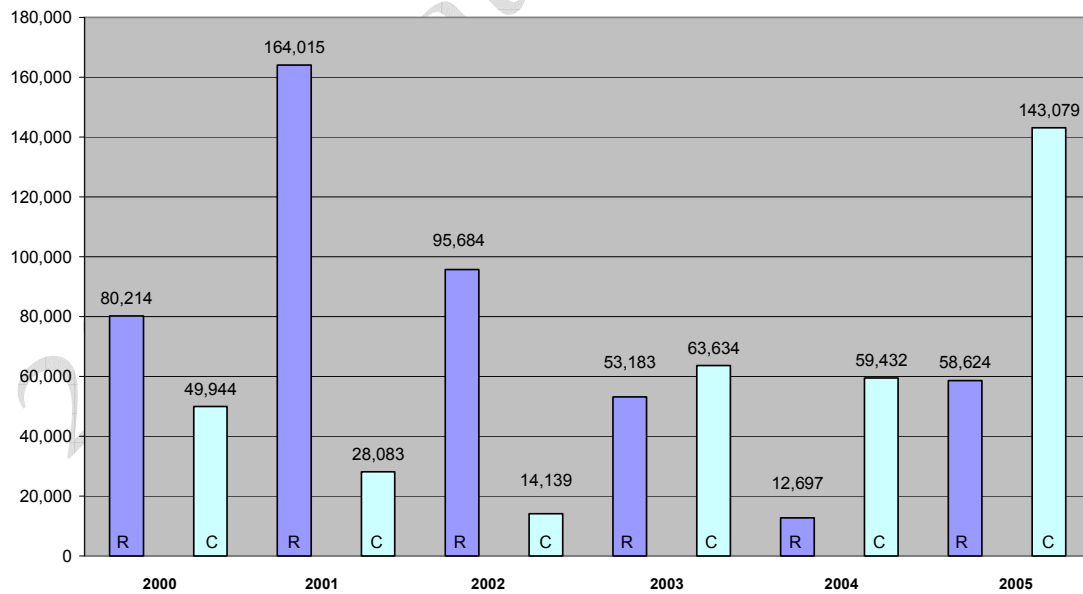


Chart E

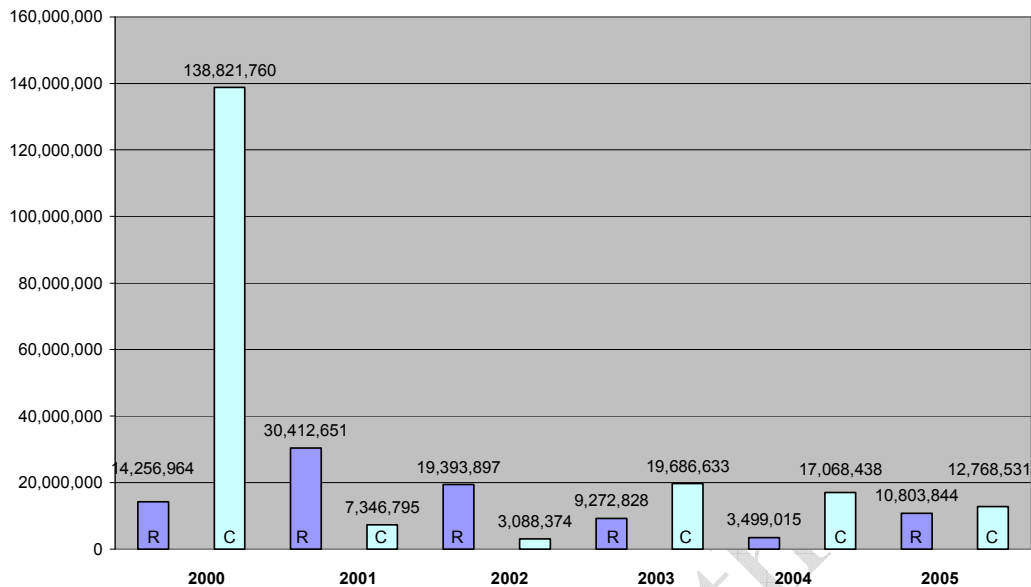
Building Permit Revenues



Revenues declined until 2004 we did a turnaround and now we are headed back up.

Chart F

Building Permit Valuations



Valuations totally bottomed then in 2003 and 2004 recouped a little bit, down a little in 2005 but with projects on the books we expect those to far exceed those numbers.

Planning

An additional revenue indicator is the number of residential subdivision lots under construction at this time. There are 567 lots in addition to 204 multi-family units under or near construction. This totals 771 new dwelling units to be occupied in the next 18-24 conservatively increasing our population by approximately 2000 to 9-10,000 people. My question is are we ready for that? Are we ready for that? This equates to approximately \$260,000 in real estate ad valorem tax revenues.

Residential Subdivisions Under Construction				
		Dwelling Units		
Borghese I		81		\$28,517
Carrington Park		14		\$5,669
Creekwood		31		\$11,739
Crosscreek 5		26		\$12,307
Crosscreek 6		20		\$9,467
Edinburgh Manors		89		\$52,541
Lakewood I		76		\$34,846
Meadowlands		51		\$22,632
Weatherston		179		\$44,872
		567		\$222,590
Park Central	MF	172	86 duplexes	\$19,772
Robinson	MF	32	32 apts/1 ch	\$1,821
		204		\$37,982
				\$242,362

Residential Subdivisions In Planning Stages				
		Dwelling Units		
Baker Place		114		\$26,834
Borghese II		68		\$22,072
Cunningham		84		\$14,633
Lakewood II & III		178		\$82,103
Lowell Crossing	MF	432		
		876		\$145,642

A likewise indicator of economic growth is commercial development and once again we can be proud of the good development that is completed, under construction, or soon to start. From the building permits referenced previously the Planning Department has seen a significant increase of approvals and applications as shown here

Large Scale Projects: the planning department brought through 17 projects, with a total valuation of over \$8,000,000.00, some 244,000 square feet of commercial space. Some of

our new projects coming through; O'Reilly's and Sherwin Williams, two of the first national chains to build here (not be here) but to build a retail facility.

Projected developments for 2006 are Arvest Bank Operations expanding by 23,000+ SF, the Northwest Arkansas Children's Center 40,000 SF (a project for Lowell that will benefit the entire Northwest Arkansas area) and the Ace Glass expansion. The World Gym, which is the largest Gym in the State of Arkansas, will start construction the first of March. Bloomington Crossing and Aaron Nickel Homes Corporate Office are under construction. And there are others that we've not mentioned that are in the process.

One thing to bring to your attention is some creative revenue prospecting that Mr. Carnahan has brought to me. This is utilizing other revenue funds, funds outside of the City revenues for different projects. They include grants for sidewalks and trails from the Arkansas Highway and Transportation Department, funding for Highways 264 and 71B (that's in the works for total funding), partial funding for East Monroe improvements as they continue to the east and bond monies for the City of Springdale, sewer extension and improvement. Some of these projects require matching funds from us.

Living in a fast paced society we soon forget the accomplishments we achieve. Even more so we are impatient and want things now perhaps forgetting the work, so to speak, it takes behind the scenes to produce the show. Arby's development is a good example. Some have questioned "is Arby's really going to build there?" Yes, open by 1st of May.

Our Fire Department did not achieve the ISO 3 rating nor attain its' level of service and reputation overnight. Neither did the Police Department attain their level of service to the community and earn the respect of other area agencies and peers in a day. It has been visionary leadership with passion, diligence, discipline and hard work which has rewarded the Lowell residents with these outstanding services. Few people know that we are one of few Benton County Communities that the Benton County Sheriff's Department would deputize officers to assist them in the County. That is a compliment to our Police Department.

Code Enforcement and Building Inspections Division are often lost in the generality of the Fire Department. Sometimes a thankless job and often are the recipients of someone's displeasure regarding enforcement of rules and regulations. Especially, when the rules they are charged to enforce may be debatable. As in all other occasions in service to the public, I remind staff to always deal with people fairly and equitably, and attempt to de-escalate situations rather than exacerbate them.

Likewise, the Street Department and for that matter all departments have taken and will continue to take much hard work and time to build the knowledge and experience necessary to reach the goal as "one of the best". More importantly, work diligently to provide more efficiently the services and amenities desired by the Lowell community.

I liken administration and staff to a football team and often remind them it takes teamwork to win the championship. A sports team always has a leader or a coach, but every player is crucial to the success of the team. Teamwork within each department as well as working together as whole is paramount. I am very proud to tell you, we have a good team but just

as good sports teams continually evaluate their personnel and make adjustments; we likewise will make the changes necessary to be a champion.

Maintaining the quality of services of our Police and Fire departments has been a priority of this council as well as the previous. We now have 24/7 Police dispatch and have added one additional officer last year and two additional positions in 2006. Two auxiliary officers Grant Hall and Aaron Pile have 1500 or so volunteer hours. Please tell them thank you.

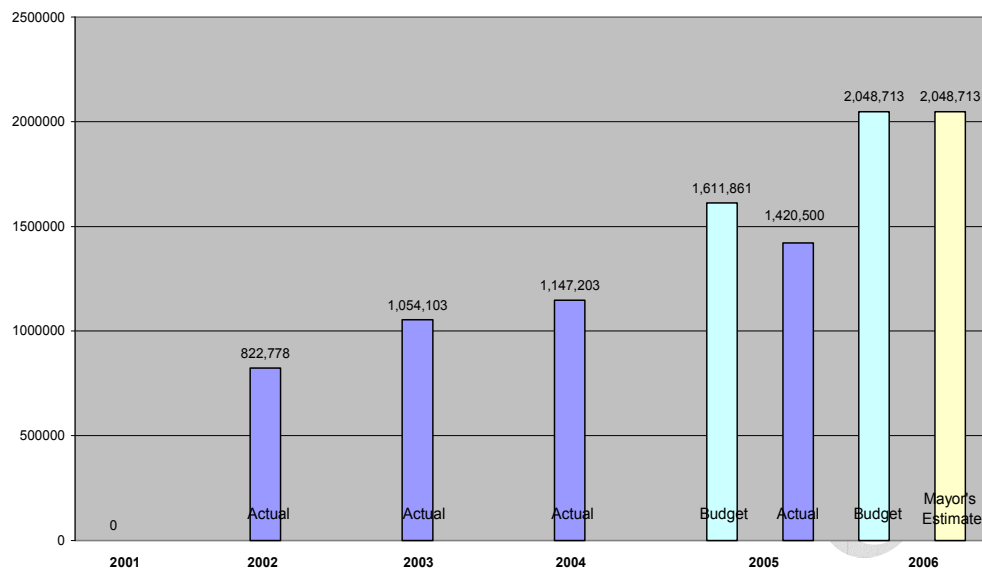
Staffing the Fire Department 24/7 with 1st responders was a big step of commitment. The Lowell residents are rewarded with not only shortened response times that may save a life whether medical, accident or fire but lower insurance premiums as well. The department is adding one additional staff in 2006. Many residents have expressed their appreciation and thanks for both quality departments.

Street Department

Lowell is known for having a Fire Department second to none and a Police Department that's respected in Northwest Arkansas. But three years ago found much to be desired in the Street Department with unsafe and junk equipment for the most part and inadequate equipment necessary to maintain our city streets let alone do major repair or construction. Likewise, inadequate and incapable personnel did not garnish pride in ourselves nor respect from others.

A little over a year ago I found it beneficial to re-organize the department by moving the administration responsibilities under the direction of Mr. Tony Davis, Engineering Tech. This change brought visionary leadership to the department and I am very pleased to report that tremendous progress has been made. With the support of the previous council and this council as well, the Street Department is the most rewarding area of change and success. Street Department revenues increasing from just over 1 million in 2003 to just over 2 million projected this year, have made this progress possible.

Street Fund Revenues



Although we have made predictable improvement, arguably from a D- to perhaps a B grade, it is the desire of the department's staff to get better and to be the best, and we will.

From guys who had warrants out for their arrests to men qualified to operate most if not all types of equipment. We now have quality staff capable to do the tasks before us. If not completely familiar with a piece of equipment, collectively these men have the basic skills to quickly become qualified and then be on a fast curve to be proficient operators.

Aggressive leadership and good staff as mentioned, along with Administration and Council support has given the Street Department the capability to perform future construction and other repair & maintenance projects and is a testament to the following improvements and accomplishments. There are specific areas we will still outsource, at least for the near future as asphalt laying, pouring curb & gutter and other concrete work.

Equipment purchases

- Dump truck
- Large tractor & batwing mower
- Batwing mower
- Small tractor & mower
- Backhoe
- Heavy equipment trailers
- Street sweeper
- Sealcoat unit
- Water tank trailer
- 1 ton utility truck
- Dirt roller (06)
- Finish roller (06)

One might ask, what did they have, and that is the point. Thank you so much for your continued support to them.

Little did I know when I took office three years ago, that it takes a year to a year and a half to get a project from think about it to start, let alone finish. The following are a list of Projects the Street Department finished.

Projects Completed

- Funded \$72,870 for the Brookhaven Project
- Funded \$150,000 for the Greenway Project
- Drainage improvements west of Hwy 71B toward the Greenway project
- Adams Street drainage improvement
- Drainage pipe & ditch improvement under McClure Ave near the Museum
- Installation of 26 street lights in various subdivision
 - Sabre Heights -- Honeysuckle -- Cambridge -- Daisy Circle
- Overlaid 4 miles of streets to improve street conditions in order to give us time necessary for engineering design, right-of-way & utility acquisitions and then construction of rebuilds.
 - Honeysuckle -- McClure -- Lincoln -- Apple Blossom -- Jackson -- South Goad Springs Road --
- North Goad Springs improvement with chip & seal
- Completed bridge construction for Constellation Ave that connects Dixieland to 6th Street
- South Goad Springs Road improvements
- Funded \$30,000 for participation in construction of School Ave
- Funded \$40,000 for participation in intersection improvements at Dixieland & Monroe
- Culvert repair & improvements in the Honeysuckle hill & Dogwood area
- Harrison Ave construction
- Funded \$21,850 for enhancement and synchronization of I-540 signals and Dixieland & Monroe signal light
- Funded \$40,000 for 71B & Monroe signal light enhancement
- Funded \$100,000 for new signal lights at 71B & J B Hunt Dr.
- Funding of Railroad crossings at McClure, Monroe and Apple Blossom
- Completed improvement of mosquito swampland area between Center Point subdivision & Hwy 71B businesses
- Lincoln Street engineering & design has been completed, right-of-way & easements acquisitions finished, utility relocation started and reconstruction underway and will continue on & off as other projects permit.
- Improvements to dirt roads in the west area of the City of Lowell
 - North Goad Springs Rd -- Puppy Creek Rd -- E Brown Rd -- Zion Rd
- Bellview Street improvement
- Museum parking lot improvement
- Continued Beautification of the I-540 Hwy 264 exchange area

Upcoming Projects

- Dixieland St and Robinson Ave construction and rebuild
- Honeysuckle culvert replacement & improvement
- Mt. Hebron road reconstruction
- Lincoln St reconstruction
- Street Department maintenance complex
 - To include maintenance & equipment facility, fueling station for all city vehicles, animal control facility, compost facility & tree nursery
- Puppy Creek Rd improvements
- Sabre Heights drainage
- McClure Ave sidewalk construction
- Daisy Circle sealcoat or overlay
- Various drainage projects

These are in addition to day to day maintenance and repair operations as needed

The Street Department administration staff change, in conjunction with changing Lowell's representation to the Northwest Arkansas Regional Planning Commission (NWRPC) evolved in Mr. Tony Davis, Street Administrator representing the city to the NWRPC. That representation change has paid off in tremendous benefits and dividends for the City of Lowell. Mr. Davis took the task to learn the ropes so to speak of the NWRPC and AHTD and thereby has benefited Lowell in a very positive way.

To understand the magnitude of these changes it must be understood that in addition to other services, NWRPC is the clearing house for the Arkansas Highway Transportation Department (AHTD) funding in the Northwest Arkansas area. As of January 2005, we did not have any projects on the priority lists of the Arkansas Highway Transportation Department (AHTD). Through Mr. Davis' representation we now have six projects prioritized in the amount of \$12.9 million dollars. That is huge. I ask all Lowell residents to please extend their thanks and appreciation to him.

Engineering

As many of you know, we recently brought Mr. Gary Carnahan on board. He is a seasoned, experienced Engineer with knowledge, experience, creative thinking, and the ability to formulate concise thoughts and plans. He has the ability to express them to individuals and masses alike, traits are not often found collectively in one individual let alone an Engineer. Already under his direction much organization and planning has regained momentum. For example, the Capital Improvements list will soon be a Capital Improvement Program:

- Lincoln Street
- 20 % drawings for Concord Street
- Dixieland alignment determined and is now in complete design phase
- Surveys for Robinson Ave, McClure St and Monroe Ave completed or underway to move into design phase.

Mr. Carnahan wears the hat of Community Development Director as well as Engineer, Planning Director and Utility Services Manager. A lot is in front of us and we look forward to that challenge. A problem solver and passionate about Lowell.

Utilities Services

- This past year brought the establishment of the Utility Services Department. A major step in meeting the basic infrastructure need of a community. With Four subdivision developments underway with STEP Systems and approximately 400 to 500 homes, we are now in the sewer business.

Another great accomplishment this year is the agreement between Springdale and Lowell, approved by both Springdale and Lowell City Councils, thank you Council. We can expect construction to be underway in about four months. The process of surveying and engineering is underway where the developers hopefully, can soon see the end of the moratorium in the city of Lowell

Parks

What a tremendous step this past year the City Council and Citizens of Lowell have taken to provide a great amenity for their community with the purchase of the 72 acre parkland. The purchase totaled up \$1.2 to 1.25 million and today we are in the process of evaluating design elements. We have had several meetings with public input for design components and we are very near construction.

In the last couple of years this Council and the previous Council has approved:

- Funding for playground equipment in Lowell Park.
- Participated in funding for Tucker School playground equipment.
- Funding of for the purchase of the 70 acre park land property.

Other enhancements for Parks:

- Passed the Revenue Bond for park land purchase and improvements as well as a STEP sewer treatment system.
- Completed the Conversion process from the Lincoln Street property to 13 of the 70 acres on McClure Ave and Monroe after 20 years of no progress toward improvement on the Lincoln Street property.
- Enhanced the quality of the south softball field and added a scoreboard and scorekeepers booth
- Upgraded both north and south pavilions lighting and electrical as well as drinking fountains, tables, and other equipment.
- Purchased inflatable toys for scheduled usage and for special events
- Improved park areas with additional top soil and grass seeding.

- Converted north ball field to infield turf and pitching mound for youth baseball games and tournaments. Our Parks Department was Assisted by the Pagnozzi Foundation and the University of Arkansas Athletic department
- Heritage Park pavilion constructed for the retired fire truck
- Parks activities & recreation coordinator. Under her direction the Park Pal program has started with great success. The Tree Steward program has started and progressed significantly.
- Park enhancements include the black iron fence improvements,

Museum

Remembering our roots and preserving the heritage of the past.

Since its completion and opening in late spring 2003 the Lowell Museum has established itself as a gem of Lowell as well as the Northwest Arkansas area.

Under the leadership of Mr. Glenn Jones, the volunteer Director and many volunteer staffers, our museum has been designated as an Interpretive Center for the Heritage Trail that commemorates several historic time periods. Documents are being finalized to likewise to be designated as an Interpretive Center for the Trail of Tears and the Civil War Trail. All of which bring great recognition to the diligent efforts of the Museum volunteers to whom we convey our most appreciative thanks.

Summary

Council Members, Today you and I are faced with looking back at our history, but yet our opportunities are before us. Today our decisions shape the future.

As mentioned, with an estimated population of 7,000 and reaching 9 - 10,000 in the very near future, Lowell is not that little town anymore. We are becoming a place you drive to; not through on the way to somewhere.

Relentlessly we pursue our motto, "a town with a past, a City with a future". Moving forward to be the Community of choice in Northwest Arkansas, we can not sit passively by as it happens around us. Rather we must vie for the shops, the restaurants and other desirable amenities for our community.

I will say to you in closing, as Mr. Carnahan says, there is a latent excitement around City Hall and I believe that permeates into our entire community. The announcement about the Arkansas Children's Hospital facility in Conjunction with the University of Arkansas Medical Center was probably a greater breath in any sense than something remembered as a water park a year ago. It's something unique to the northwest Arkansas area, as it is going to benefit the entire area.

There have been words used such as "Vertical Development" toward the west of Lowell on north side of highway 264. I don't think you and I grasp what that is going to bring to our community and yet I just say, we've accomplished much in the last two years. 2006 is the year to hang on to our hats.

It is a privilege to be serving at this time and to daily see the results of positive, energetic leadership as we meet the challenges of growth development comes to our community.

And with that, I say thank you for letting me serve you and I look forward to many more months to come.

I leave you with this. May God's great grace be yours as you journey your pathway this year no matter what lies ahead or which direction the path may take, may that grace be sufficient. This is my prayer for each of you.

2006 State of the City